

SUBMISSION TO
THE PLANNING AND DEVELOPMENT COMMITTEE
REGIONAL MUNICIPALITY OF HAMILTON-WENTWORTH
REGARDING
PROPOSED AMENDMENT NO. 6
TO THE
REGION OF HAMILTON-WENTWORTH OFFICIAL PLAN

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On Behalf of:
The Board of Directors
of the
Social Planning and Research Council
of Hamilton and District

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**THE
SOCIAL
PLANNING**
and **RESEARCH COUNCIL**
of Hamilton and District

THE SOCIAL PLANNING AND RESEARCH COUNCIL OF HAMILTON AND DISTRICT

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INTRODUCTION:

The Social Planning and Research Council of Hamilton and District is a community service agency funded through the United Way and the Region. The Council serves in this capacity as an independent planning and research resource to the Hamilton-Wentworth community.

BACKGROUND:

We are pleased to respond to the proposed Amendment to the Regional Official Plan. It is our belief that approval of Amendment No. 6 will have two major benefits: 1) from a planning perspective, the incorporation of a Condominium Conversion Policy will strengthen the Regional Official Plan and facilitate the protection of the rental housing stock during times of low vacancy rates; and 2) from a social perspective, approval of the Amendment will provide renters with protection of tenure when the available housing stock is restricted. With this in mind, our submission addresses the general 'need' for a Condominium Conversion Policy.

Hamilton-Wentworth, like many other Ontario municipalities, is currently faced with an extremely 'tight' housing market. The conditions which have precipitated this situation have raised some difficult questions for both the community and planners alike.

PLANNING ISSUES:

a) Production of Housing Units:

The production of new housing units in Hamilton-Wentworth over the past number of years has plummeted. Between 1976 and 1981, the number of new housing units being produced dropped from 5,095 to 1,325 units - a 74.0 percent decrease. At the same time, the production of new apartment units fell from 2,656 to zero.

The lack of construction of new apartment units can, in part, be accounted for by high interest rates and traditional low rent structures in Hamilton-Wentworth.

b) Apartment Vacancy Rates:

Faced with a rather stagnant supply of new units and an increasing demand for apartment rental units, vacancy rates in the Region have dropped below acceptable levels. In April 1983, the apartment vacancy rate for the Hamilton Census Metropolitan Area was 1.2 percent (2 percent is considered a desirable level). This rate is well below the vacancy rate recorded in October 1977 of 4.2 percent. The net result has placed increasing restrictions upon the rental opportunities and range of choices available to prospective apartment renters.

c) Loss of Rental Units:

Although the most obvious problem associated with the conversion of rental units to condominiums is the displacement of tenants who cannot afford to purchase their unit, conversions pose the additional problem of a decreasing supply of rental accommodation. Thus, during times of low vacancy rates, the need to preserve the rental stock becomes even more acute.

Since 1969, a total of 2,624 units have been converted to condominiums from the existing housing stock. The conversion of hundreds of units to condominium per year aggravates the rental housing supply market and the vacancy rate problem.

Furthermore, the Regional Planning and Development Department has calculated that the vacancy rate for converted condominiums is 11 percent - well above the desirable apartment vacancy rate. The current housing market in the Region clearly indicates a firm demand for moderately priced rental accommodation and affordable low-income housing. The demand for condominiums, however, is at best questionable. In sum, we are faced with a housing market that is stagnant due to a lack of production of new units. With the demand for units increasing, the vacancy rate has fallen below the desirable level. The conversion of units to condominium tenure

during such times serves only to decrease the availability of affordable rental housing in a Region where the need for such units is great and the demand for condominiums is disputable. From a planning point of view, the need to protect the available rental housing stock is essential in Hamilton-Wentworth.

SOCIAL ISSUES:

a) Eviction of Tenants:

As mentioned, the most significant social impact associated with a decision to permit the conversion of units to condominium is the displacement of tenants who cannot or do not want to purchase their unit. This problem is particularly acute for the elderly and low-income families with limited financial resources. In a time when vacancy rates are at a low, attempting to find suitable and affordable accommodation in the Region would prove extremely difficult.

We would suggest that when the vacancy rate does rise above 2 percent and landlords begin to convert their units to condominium tenure, the tenant be given more than 2 months notice to vacate his/her unit. If a large building is slated for conversion, a

number of tenants would be forced on to the market at once. Two months may not be enough time to find suitable alternative accommodation. We would also suggest that a tenant in a unit to be converted be given first right of purchase/refusal of his/her apartment.

b) Cost of Purchase:

The increase in cost associated with purchasing a rental unit can be substantial for many tenants. Royal Trust estimates that the monthly rental for a standard two-bedroom condominium apartment in the City of Hamilton is \$550 (January 1983 prices). At the same time, the Canada Mortgage and Housing Corporation estimates that the average rent for a two-bedroom apartment in the City is \$314 (October 1982 rents). Thus, the conversion of a rental unit would increase a tenant's monthly housing costs by \$236, based on this example. Furthermore, in order to maintain a condominium unit at current costs an annual minimum income of approximately \$22,000 - 26,400 would be required. Such a cost would prohibit a majority of renters from acquiring their own unit when converted. Since an annual income of approximately \$12,600 - \$15,000 is needed to support an average rent of \$314, the incomes of tenants would have to rise by 75 percent to afford a standard converted condominium apartment.

Not only is standard two-bedroom condominium not affordable for most renters but its availability is also quite restricted to local tenants. Over 99 percent of the two-bedroom apartment units surveyed by the Canada Mortgage and Housing Corporation fall below the \$550 monthly estimated condominium rental cost. This leaves less than 1 percent of the units (10 out of approximately 11,000 units) available for rent at \$550 or more. Obviously, on a comparative basis, an apartment unit rented at \$550 per month is at the very 'high' end of the range of market rents where few units are available.

c) Tenant Security:

Even in a situation where tenants of a building slated for condominium conversion are given preference in purchasing their unit, their ability to pay is generally limited by two factors: 1) the demographic characteristics of renters, and, 2) the current economic climate.

In Hamilton we have a disproportionate number of young household heads who rent units on a per population basis. According to Ontario Ministry of Municipal Affairs and Housing statistics, young renters in Hamilton (defined as those between the ages of 17

and 44 based on the best information available) compose 66 percent of all such household heads. The actual population distribution, however, shows only 43 percent of the population between the ages of 17 and 44 in 1980. Thus, we have a higher than average concentration of young renter household heads than the actual population would indicate.

If one also examines the incomes of young renters, one finds that almost two-thirds (63 percent) of household heads under 24 years have salaries of less than \$20,000. For the elderly (over 65 years) this figure rises to over 80 percent. Even more startling is the fact that almost 79 percent of all renter households in Hamilton have incomes of less than \$25,000 - an income level not adequate enough to support the current cost of a condominium.

In times of high unemployment, young persons and family members, who are frequently low in seniority and less skilled, tend to be the first group laid-off in the work force. In April 1983, Statistics Canada reported a national unemployment rate for adults over 25 years of age of 9.7 percent. The same rate for youth 20-24 years old was twice that rate at 19.7 percent. Unemployment rates for young persons under 34 years of age (a majority of which are renters) remains higher in all age categories than the national average. In Hamilton, the unemployment situation is even more acute (14.1 percent unemployment).

Present home-owners are fighting for, and often losing, their homes while being forced to look to the rental market for accommodation. Renters, particularly young tenants, are finding it difficult to afford the housing they now have and, in all likelihood, this group could not qualify for a mortgage even if hundreds of units were converted to condominium tenure. Further along, private non-profit housing organizations are beginning to encounter problems in maintaining their assisted units at a level which their residents can afford. The net result is a state of downward pressure on the housing market.

CONCLUSIONS:

Clearly, the Regional Municipality of Hamilton-Wentworth has the authoritative power to approve or reject Plans of Condominium as delegated by the Minister of Municipal Affairs and Housing. Furthermore, through its Regional Official Plan, the Municipality has the mandate:

"To ensure that an adequate supply of housing accommodation is available to meet the demands of present and future residents of Hamilton-Wentworth".

(Objective, p. 61)

Control over the number of condominium conversions is a legitimate mechanism for use by the Region in maintaining the existing housing stock.

Further support for this assertion can be found in the written Ontario Municipal Board decision which precipitated this Regional Official Plan Amendment proposal.

We are not unsympathetic to the current economic conditions facing rental property owners. However, from a planning perspective, the need to preserve the rental housing stock is necessary. From a social planning perspective, the need to protect the public interest is essential.

RECOMMENDATION:

We whole-heartedly support the proposed Amendment and would urge that the Condominium Conversion Policy be incorporated into the Regional Official Plan as presented.

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